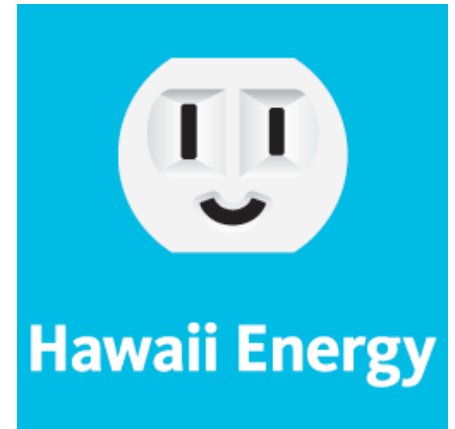
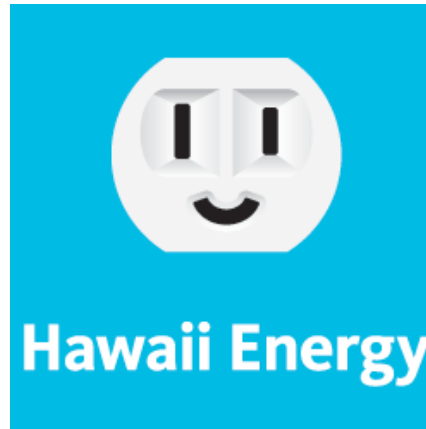


**+ A Non-Utility
Administered
Portfolio –
Aloha from
Hawaii
March 24, 2015**



Changes to Third Party Approaches Panel

Jim Flanagan
James Flanagan Associates
San Francisco, CA
Honolulu, HI



Background

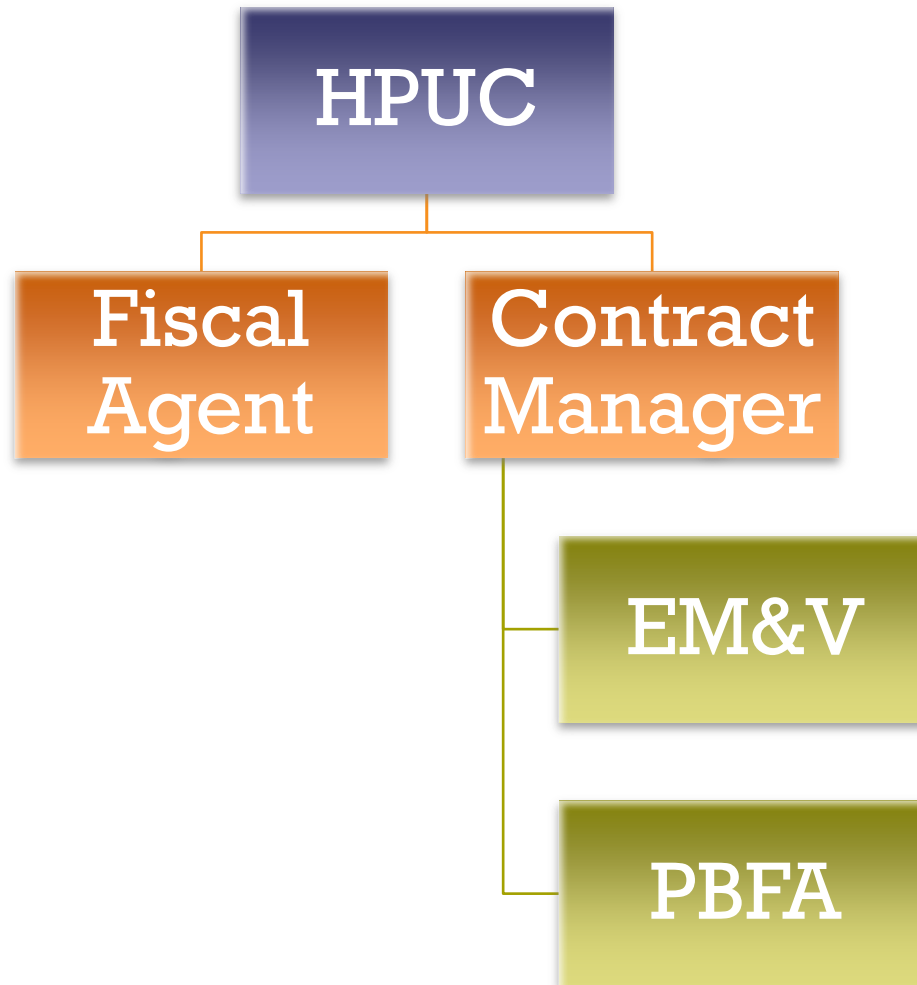
- Population of 1.41 million people
- 10,469 gWh annual HECO sales
- 2,785 mW of firm capacity
- HECO Electricity rates – Highest in nation
 - \$0.32-0.44/kWh – Residential
 - \$0.26-0.52/kWh – Business
- Hawaii ranks 50th and 51st in electricity and nat gas consumption nationwide
- 2009 transition from utility EE portfolio to an PBFA



State Goals

- HCEI 70% reduction goal of 40% renewable and 30% EE by 2030
- EEPS Order 4,300 gWh target equates to roughly 1.5%/year to meet goals
- 2014 Legislation Report: “.....Hawaii is on track to achieve more than 1,550 GWh in savings by 2015, exceeding the interim 2015 EEPS target of 1,375 GWh by more than 12%”

+ PUC Establishes Structure



+ Public Benefits Fund Administrator

- Competitive bid selects portfolio administrator
- Portfolio admin expense limited to 10%
- 70% of PBF funds must be customer incentives
- Yearly kwh/mw goals are targeted to initial bid price with adjustments
- $TRC > 1$ and Utility Cost reasonable (avg 3 cents)
- Maximize TRB, Island (customer) Equity
- Market Transformation/iDSM/Electric Vehicles



EM&V

- Verifications are done yearly based on desk and data base reviews, field inspections and phone surveys and ex ante deemed savings
- Evaluations are ex-post and prospective only
- Evaluations results used to modify next years program or deemed savings
- NTG remains generally constant at 0.7-0.8
- TAG determines third party evaluators agenda

+ What's Different?

- Technical Advisory Group – Stakeholders review Annual Plan, Annual Report and EM&V
- Program Changes are not docketed – flexible and quick under the portfolio guidelines
- Commission/Stakeholders present yearly guideline tweaks
- Pilot programs small and simple to test the waters
- Free riders and fraud are a cost of doing business
- Trust